Chapter VII

E-Commerce Security and the Law

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Biography

Dr. Assafa Endeshaw has Ph.D. and LLM degrees from London University, and his LLB degree from Ababa University. His work at London University centered on intellectual property policy and technology-related legal disciplines such as information technology and transfer of technology laws as well as in international trade and franchising. He was previously a legal attorney and advisor in government departments, and a researcher and consultant in a law firm in Ethiopia.

Dr. Assafa has written more than 35 major articles and presented upwards of 17 conference papers that have appeared in publications across Asia, Europe and America. He has authored Intellectual Property Policy for Non-Industrial Countries (Dartmouth, 1996), Intellectual Property in China: The Roots of the Problem of Enforcement (Acumen, 1996), (jointly) Marketing and Consumer Law in Singapore (1999) and Internet and E-Commerce Law: With a Focus on Asia-Pacific (Prentice Hall, 2001). His areas of interest are: intellectual property, information technology (including regulation of the Internet and e-commerce), international trade law, franchising law, transfer of technology law and consumer protection law.

Presently, he is an Associate Professor of Law at the Nanyang Business School of the Nanyang Technological University, Singapore.
Executive Summary

The nature of the Internet as an open network means that it is devoid of central control and regulation. That in turn has exposed the Internet to the caprices and untoward intentions of some of its participants. Online businesses particularly suffer from an explosion of fraudulent activities and breach of security (destruction or theft of data and identity). The law has attempted to catch up with the problems by providing sanctions against perpetrators. Alternative solutions such as technical means and ethical codes of conduct are also in place. However, the creation of a secure network demands more than law or better technology. There is widespread recognition among lawyers, management and information system specialists that the creation of a secure network is part of the broader task of creating a security culture, starting from top management and sustained by clear and easy-to-implement policies.

Introduction

The use of the Internet for business has been growing in spite of the dot.com bubble a few years ago. The open nature of the Internet enables connections across networks and individual computer terminals virtually on a global scale. Unfortunately, the absence of central control and regulation leaves the Internet exposed to the caprices and untoward intentions of the participants. In particular, it has invited current forms of illegality and business malpractices to migrate to the new sphere.

The types of illegality that thrive on the Net have been growing. The most widespread form is fraud. Fraud is committed through Web auctions, sale of online merchandise (including books, computer equipment and software), the provision of all kinds of Internet-based services (free e-mail,
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